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CENTRAL INTELLIGENCE AGENCY
Office of Current Intelligence
31 May 1963

CURRENT INTELLIGENCE MEMORANDUM

SUBJECT: Implications of the Italian Socialist Party Congress

1. What happens at the Italian Socialist Party (PSI) Congress of 18-21 July will depend in large part on the outcome of negotiations now under way for a new Italian government. If the premier-designate, Christian Democrat (CD) Party secretary Aldo Moro, and PSI secretary Pietro Nenni can agree on the formulation of a program which will assure a parliamentary majority based on the benevolent abstention of the Socialists, the outlook will be reasonably good for the congress to reconfirm Nenni's control of the PSI. Since Moro was largely responsible for CD acquiescence last year in the "opening to the left," and Nenni has staked his political future on its success, they can be expected to make every effort to reach an accord.

2. Failing agreement, there will probably be no alternative to falling back on a strictly provisional minority CD government to mark time pending the PSI congress. Nenni's position vis-a-vis the PSI left wing would probably be strengthened by such an eventuality, but the congress might then lay down more stringent requirements for Socialist support than any prospective premier-designate could accept without the specific permission of a CD party congress. Since a CD congress would probably not be held before fall, a prolonged period of political instability would be in prospect, during which the Communists probably would try to induce civil disorder.

3. About the middle of June, the PSI provincial federations will begin to elect delegates to the congress. The pro-Communist wing of the party is not expected appreciably to cut into the 55 percent majority in the party--called the "autonomist" wing--which

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supported Nenni's break with the Communists a year ago, and which has backed him since the last congress. Nenni, however, has expressed pessimism over his ability to maintain control of the autonomist wing. For other reasons, his hold on the party and his ability to swing it behind a center-left government will not necessarily be assured by a reaffirmation of current factional strengths in the selection of delegates to the congress. The temper of the congress will depend on the status of the government in power in July, on the degree to which mutual recriminations between the PSI and CD over the poor electoral showing of the two parties will have abated, and on the outlook for a legislative program reasonably close to the Socialist electoral platform.

4. Assuming a government-in-being dependent on Socialist sufferance, Nenni can be expected to urge his party to pledge immediate outright parliamentary support for a CD-led coalition. The debate at the congress will probably center on agricultural reform and the establishment of regional governments--both policies for which the Socialists have long pressed.

5. The Fanfani government refused to push through regional legislation in the last parliament because Nenni was reluctant to make a public commitment not to form regional governments with the Communists, a commitment he believes would alienate the labor vote. The problem is even touchier now because of the Communists' electoral gains in north-central Italy, where the combined Communist and Socialist strength would permit the two parties to dominate the regions.

6. The pro-Communist wing at the congress will probably make a special effort to clothe party statements on both key issues in terms which the CD right wing will reject. These may include a demand for subsidies to help sharecroppers buy land, and for deadlines on creation of regional governments.

7. Other important domestic issues are economic planning, school and fiscal reform and streamlining of the bureaucracy. In foreign policy, obvious Communist targets are Italy's interest in the NATO multilateral nuclear force (MLF) and the question of Polaris submarine bases. On all of these topics the wording of the final resolutions will have important implications

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for PSI-CD relationships. If a modus vivendi between Moro and Nenni has not been achieved in the meantime, there is considerable danger that the PSI position on these specific points will be such as to threaten the possibility of an early return to the policy of the "opening to the left."

8. In view of the political stalemate implicit in such a situation, however, and particularly in view of Nenni's personal stake, a definite step toward closer ties with the CDs seems to have a better than 50-50 chance. Nenni wants direct participation in the government, and he can be expected to hold out to the congress the lure of patronage advantages far greater than those afforded by the party's limited participation in local administrations. Moreover, the April elections gave the PSI greater strength relative to that of the other nonextremist parties in the Italian parliament, and the hope of exercising influence in national affairs commensurate with this strength may temper left-wing impulses to kick over the traces.

9. If Nenni carries the congress, he may renew his pre-election proposal for a five-year pact with the CDs based on a domestic program of economic planning, and a more even distribution of the fruits of the Italian economic "miracle" on a social--i.e., class--as well as on a geographic basis. The CD right wing will create problems for such a program, but more forthright efforts to break the remaining Socialist ties to the Communists may help silence such opposition.

10. The most immediate threat might be an all-out drive by the Communist Party to disrupt the economy and cause political turmoil. Over the short run, moreover, there would be a distinct possibility of the Communist Party improving its electoral position as the only opposition force on the left. The danger of one or more Communist-dominated regional administrations would then be real. In the long run, however, the PSI could be expected to consolidate left-wing strength, particularly if, as seems likely, a reunion of the PSI and the Saragat Socialists is achieved. The ultimate hope would be for a firmly established democratic regime in Italy based on the possibility of liberal and conservative alternatives.

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11. If, however, Nenni does not succeed in trying the PSI closer to the center forces, extremely serious difficulties will be in prospect. The only other coalition even arithmetically possible would include the Liberals, whose economic and social outlook is so pointedly opposed to the Social Democrats, and indeed to the majority of the CDs, that legislative progress would probably be out of the question. Immediate new elections might then be found necessary, with no assurance of any greater political stability. Communist pressures would be exerted in every possible form, and Italy would face a real threat to democracy.

12. In terms of US interests the continued evolution of the PSI toward cooperation with the center seems the best hope for continued political stability combined with economic and social progress which will strengthen Italy's international position. Nenni's current grudging acceptance of Italy's continued membership in a "defensive" NATO leaves much to be desired, but it does represent a considerable departure from his initial violent opposition. The PSI favors the EEC, and Nenni has put himself on record in favor of the MLF as a means of blocking a national German nuclear force. If a PSI-CD alliance cannot be maintained, the resultant domestic confusion would probably leave Italy little energy to expend on foreign affairs, and Italian participation in NATO would become almost nominal. Over the longer run, such a situation would strengthen the Communists sufficiently to arouse a severe rightist reaction. The net result of this is difficult to foresee at this point, but Italy's effectiveness as a Western democracy would certainly be jeopardized.

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